

STATE SCHOOL AID UPDATE

Michigan Department of Education



JANUARY 2014

Vol. 22 No. 4

JANUARY 10, 2014 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference was held on January 10, 2014 to update revenue projections for fiscal year (FY) 2014, FY 2015, and to make initial projections for FY 2016. The revenue projection for the state school aid fund for the current fiscal year (2014) has been revised to \$11,576.8 million. That represents an increase of approximately \$89.9 million from the previous projection last May. The FY 2014 pupil count estimate has been revised downward by 7,200 pupils from the May 2013 estimate. In FY 2015 the school aid fund revenue is estimated to be \$11,931.8 million, a \$119.1 million increase from previous projections. The pupil count is projected to decrease in FY 2015 by 10,500 pupils from the previous projection to 1,514,000. For more detailed information on the January revenue estimating conference, go to the House and/or Senate Fiscal Agency website at www.house.michigan.gov/hfa and www.senate.michigan.gov/sfa

GOVERNOR'S FY2015 STATE BUDGET

While no one can say for certain at this time what the above numbers mean for the FY 2015 state school aid budget, one indication will come when the Governor unveils his proposed budget for FY 2015 in February. Of course, the budget cycle will then run its full course through the legislative process before enactment in appropriation bills.

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2014 fiscal year. The payment will be electronically transferred to the districts' accounts on Tuesday, January 21, 2014 as a result of the Martin Luther King, Jr. holiday that is celebrated on January 20, 2014.

Taxable value - The January payment continues to use the beginning 2013 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is:

<https://mdoe.state.mi.us/TaxableValue/login.aspx?mode=access&ReturnUrl=%2fTaxableValue%2f>

To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus.

Updated categoricals - The following categoricals were updated in the January payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start Readiness Program - Section 32d (Pat Sargent, Office of Great Start, (517) 241-4741, SargentP@Michigan.gov)
- Technology Infrastructure Improvement Grants - Section 22i, (Ann Marie Smith – Education Improvement and Innovation, (517) 335-2775, SmithA24@Michigan.gov)
- First Robotics – Section 99h, (Ann Marie Smith – Education Improvement and Innovation, (517) 335-2775, SmithA24@Michigan.gov)

SECTION 20F FUNDING ADJUSTMENT IN FEBRUARY PAYMENT

As reported in the November UPDATE, a new Section 20f of the State School Aid Act allocates \$6 million for 2013-14 for payments to eligible districts. A district is eligible for the funding if \$5 minus the sum of the following results in a positive number:

- The increase in the district's per pupil foundation from 2012-13 to 2013-14
- The district's per pupil equity payment under Section 22c
- The change in the district's per pupil allocation under Section 147a from 2012-13 to 2013-14.

The district's allocation under this Section is the result of the above calculation times the district's total state aid pupil count (general education and special education pupils). The funds appear on the State Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "20f HOLD HARMLESS GUARANTEE."

Following the calculation of the January payment, but just prior to preparing this UPDATE, it was discovered that the incorrect pupil count was used in calculating the 2012-13 Section 147a amount in the above formula. Therefore, the amounts shown as the Section 20f funding on the January State School Aid Financial Status report will be revised in February. Of course, the Section 20f funding will be adjusted throughout the year as FY 2013-14 pupil counts are updated. However, it appears that the adjustment to the correct pupil count in the 2012-13 Section 147a per pupil amount will eliminate the proration of this categorical that we are now experiencing. With questions regarding this item, contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The analysis of the FY 2013 Financial Information Database submissions is close to being completed by Office of State Aid and School Finance staff. Correspondence related to that analysis has been e-mailed to the individual who submitted the FID on behalf of the district. The correspondence requests that the individual review the data in question and either correct the FID or contact the Office of State Aid and School Finance to explain the discrepancies. Your cooperation in "cleaning up" the FY 2013 FID data is very much appreciated. With questions regarding this item, contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov or Chris May, (517) 335-1263, or email: MayC@michigan.gov.

SECTION 25E - PUPIL MEMBERSHIP TRANSFERS

The January payment provides districts with the opportunity to again review their Section 25e student transfers, in order to determine what effect these transfers have on their state aid payments. Since the Section 25e transactions are processed on a daily basis, we recommend that districts review their Section 25e summary report, the DS-4061, and State School Aid Financial Status Report as soon as the status reports are available on the web. Doing so will help ensure that the data is being compared between reports as of a similar date.

We would also like to remind districts that this legislation applies to any pupil counted in membership on the Pupil Membership Count Day, and subsequently transfers to another district where they are eligible for membership, prior to the supplemental count day. This includes special education pupils in early childhood and early-on programs. Pupils enrolled in an early-on program who are not also receiving special education services are not eligible under Section 25e since they would not be included in membership.

SECTION 101 - DAYS, HOURS, AND PROFESSIONAL DEVELOPMENT

Many districts are currently developing their 2014-15 school year calendars. As a reminder, under current legislation, the day threshold increases to the greater of 175 days or the number of days provided during the 2009-10 school year whichever is greater. The minimum instructional hour requirement remains at 1,098 hours for 2014-15; however, districts that have previously relied on the 38 hours of professional development time in meeting the 1,098-hour requirement should be prepared to meet this requirement without including professional development time starting in 2014-15. There are no exceptions in current legislation which would allow districts to continue to count professional development time after the 2013-14 school year.

SECTION 101 – SCHOOL DAY CANCELATIONS AND FORGIVEN TIME

Many districts have been impacted by inclement winter weather this year. Section 101 of the State School Aid Act (MCL 388.1701) grants districts six (6) days and/or the equivalent number of hours to use toward cancelations that occur due to conditions beyond the control of school authorities, commonly referred to as "forgiven time" or "snow days." If a district has exhausted their initial forgiven time, and if additional cancelations occur after April 1, the district can then apply to the State Superintendent for up to six (6) additional days and/or the equivalent number of hours of forgiven time. If the district has exhausted the 6 days and/or hours prior to April 2, it is the district's responsibility to reschedule lost time in order to satisfy the day and hour requirements and avoid a state aid adjustment. When evaluating the amount of time to be rescheduled, districts should also take into consideration any day where attendance fell below 75% to avoid an additional state aid adjustment. At this time, no legislation has been signed for the 2013-14 school year that grants additional forgiven days and/or hours of instruction or waives the day, hour, or attendance requirements.

IMPORTANT DATES TO REMEMBER

- **February 1** is the due date for districts and ISDs to report to the local health department the **immunization status** of each new pupil in grades K-12 who enrolled in the district or ISD for the first time during the immediately preceding calendar year and all 6th graders, pursuant to State School Aid Act Section 167. (Patty Lawless, (517) 373-1122, LawlessP@Michigan.gov)
- **February 12** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants.

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$306.4769891218 per pupil.
- The proration factor for the Section 20f Hold Harmless funds is .8942275079.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$24.7279809841 per pupil.

*Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director of State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@michigan.gov